



United States
Department of
Agriculture

Farm and Foreign
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Services

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Services

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SUBJECT: Reimbursement Rules for Expenditures

TO: All Participants

An MAP participant recently submitted a letter to FAS posing several questions relating to the timing and eligibility of expenses for reimbursement. Since many of you may have the same questions or have encountered similar situations, FAS has developed responses to each of these questions. The questions and corresponding responses are listed below:

ASSUMPTIONS: For each scenario, assume the expenditures are not specifically prohibited by the regulations and they are described in an approved activity plan.

SCENARIO (1): An invoice is dated prior to the approval date of an activity, however, the service is provided (or the activity occurs) after the approval date and the funds are transferred to pay for the service or activity after the approval date.

ANSWER: The expenditures relating to the approved activity are eligible for reimbursement. Examples of this include the production of POS material, advertising, and the purchase of computer equipment or supplies.

SCENARIO (2): A vendor invoice is dated prior to the approval date of an activity and a brand participant's distributor pays for a portion of the expenditures on behalf of the brand participant prior to the approval date, however, the activity occurs after the approval date and the brand participant transfers funds to pay for its' portion of the expenditures after the approval date.

ANSWER: A participant may seek reimbursement if the participant or third party has transferred funds to pay for the expenditures. The third party in this example is the brand participant, not the distributor. Therefore, payment by the brand participant serves as the basis for seeking reimbursement. Payment by the distributor does not qualify for purposes of seeking reimbursement. The

participant must have in its files documentation which supports payment made by the brand participant.

SCENARIO (3): An invoice is dated after the approval date of an activity and the participant transfers funds after the approval date, but the service is provided (or the activity occurs) before the approval date.

ANSWER: The expenditures are not eligible for reimbursement since the service was provided (or the activity occurred) prior to the approval date. Reference 7 CFR 1485.16(d)(29) - CCC will not reimburse any expenditures for an activity prior to CCC's approval of that activity or amendment, regardless of when funds are transferred to pay for the expenditures.

SCENARIO (4): An invoice is dated prior to the approval date of an activity and the activity begins prior to the approval date, however, the activity continues into a period following the approval date and funds are transferred to pay for the expenditures after the approval date.

ANSWER: Any expenditure associated with the activity prior to the approval date is not eligible for reimbursement. Expenditures associated with the activity after the approval date are eligible for reimbursement. Examples of this include payments for a consultant, office rent, and other related administrative expenses contractually obligated by the participant.

SCENARIO (5): An invoice is dated prior to the approval date of an activity and the activity begins prior to the approval date, however, the activity continues into a period following the approval date and funds are transferred to pay for the expenditures before the approval date.

ANSWER: A participant must pay for expenditures after the approval date in order to seek reimbursement.

SCENARIO (6): A participant produces a full year's supply of POS material in September and the activity is approved on October 1. The participant pays for a portion of the invoice prior to the approval date and the remainder after the approval date.

ANSWER: Once again, a participant must pay for expenditures after the approval date in order to seek reimbursement. That portion paid for prior to the approval date is not eligible for reimbursement

SCENARIO (7): What is meant by the "date of transfer"?

ANSWER: The "date of transfer" is defined as: (1) the date of a check that is issued for payment or (2) the date that a wire transfer is requested. In the case of wire transfers, participants are required to maintain a copy of the actual request

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